

## FINANCE DEPARTMENT

### Impact Analysis Report

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#### **OVERVIEW**

The Finance Department is currently responsible for collecting, accounting, and monitoring the license and permit fees for Christmas tree and pumpkin patch lots, circuses, carnivals, and parades. The Department is also responsible for a number of miscellaneous fees, along with Integrated Waste Management (IWM)-related late charges. Three new fees were adopted for 2008-2009, including a Business Tax Administrative Fee, a Sidewalk Lien Fee, and an Administrative Remedies Lien Fee.

It is estimated that the Finance Department fees and charges program for 2008-2009, excluding penalties and non-cost recovery fees, will bring revenues to the City of \$1.5 million, reflecting a 100% Cost Recovery rate.

Late payment charges related to the Garbage Lien Program and Garbage Lien Service fees, which are not subject to cost recovery restrictions, are anticipated to generate approximately \$3.4 million in the Integrated Waste Management (IWM) Fund. An increase to the Solid Waste Delinquency Late Payment charge was approved in order to encourage customers to submit payments by the due date.

#### ***SUMMARY AND IMPACT OF ADOPTED FEE REVISIONS***

##### Existing Fees

For 2008-2009, there are minimal changes to the existing fees in the Finance Department's fee structure in order to maintain 100% Cost Recovery levels. A complete list of fee revisions by service is located in the summary of adopted fee changes section of this document and in the tables that follow this section.

These fee revisions are not expected to have a significant impact on the Department's customers.

##### New Fees

The three new Finance-related fees are discussed below:

- *Business Tax Administrative Fee:* As part of the City's budget balancing strategy, a Business Tax Administrative Fee was approved to recover the administrative costs associated with processing business tax certificate applications. This new fee will be comparable to fees charged in other jurisdictions including Fremont, Fresno, Milpitas, San Diego, Sunnyvale, and Oakland. The Business Tax unit currently processes approximately 64,000 new Business Tax Certificate applications annually, which costs the City approximately \$1.4 million. To relieve the General Fund of this cost obligation, a \$22 fee to fully recover these costs will be implemented in 2008-2009.

## **FINANCE DEPARTMENT (CONT'D.)**

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### ***SUMMARY AND IMPACT OF ADOPTED FEE REVISIONS (CONT'D.)***

#### **New Fees** (Cont'd.)

- *Sidewalk Lien Fee:* A Sidewalk Lien Fee of \$45 was approved to recover the administrative costs associated with processing sidewalk lien account applications. Currently, the Finance Department processes approximately 433 new sidewalk lien accounts annually, costing the City approximately \$19,500. This new fee will allow the City to recover all administrative costs associated with processing sidewalk lien accounts.
- *Administrative Remedies Lien Fee:* An Administrative Remedies Lien Fee of \$38 was approved to recover the administrative costs associated with processing administrative remedy hearings. It is anticipated that approximately 67 administrative remedy hearings will take place in 2008-2009.

#### ***NOTIFICATION***

The Proposed Fees and Charges Report was released on May 2, 2008 allowing for a minimum of ten days for public review. Public input on fee proposals was heard by the City Council during public hearings held on Tuesday, May 13, 2008 and Monday, June 16, 2008 at 7:00 p.m. in the City Council Chambers.

# DEPARTMENTAL FEES AND CHARGES

# FINANCE

Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Adopted Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Adopted Fee	Current Fee	Adopted Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
1. Administrative Remedies Lien								
Fee								
1 Administrative Remedies Lien			\$38 per lien					
Fee								
Sub-total Administrative Remedies Lien Fee				2,546		2,546		100.0%
2. Business Tax Administrative								
Fee								
1 Business Tax Administrative			\$22 per business tax					
Fee			certificate					
Sub-total Business Tax Administrative Fee				1,408,000		1,408,000		100.0%
3. Business Tax Special Reports								
1 Computer Printout	\$47 up to 25 pages, \$1 each additional page		No Change					
2 Diskette/E-mail	\$47 per diskette/transmission		No Change					
Sub-total Business Tax Special Reports		100.0%		1,222	1,222	1,222	100.0%	100.0%
4. Circus/Carnival/Parade								
1 Carnival Permit	\$250 1st week; \$25 each additional day		No Change					
2 Carnival Permit (Charitable)	\$100 1st week; \$10 each additional day		No Change					
3 Circus Advertising	\$100 bond for removal within 48 hours of last performance		No Change					
4 Circus Parade (Circus Outside of City Limits)	\$250 per day		No Change					
5 Circus Permit	\$250 1st day; \$191 each additional day		\$250 1st day; \$190 each additional day					
6 Circus Permit (Charitable)	\$100 1st day; \$50 each additional day		No Change					

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					Current Fee	Adopted Fee	Current Fee	Adopted Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
4. Circus/Carnival/Parade								
7 Circus Sideshow Permit	\$12.50 each per day		No Change					
8 Circus or Carnival Permit - Sanitary Standards Bond	\$1,000 bond		No Change					
Sub-total Circus/Carnival/Parade		100.0%		1,880	1,910	1,880	101.6%	100.0%
5. Collection Agency Recovery Fee								
1 Collection Agency Recovery Fee	\$25 or 15% of the bill; whichever is higher		No Change					
Sub-total Collection Agency Recovery Fee		100.0%						
6. Exempt Business Tax								
1 Exempt Business Tax Fee	\$37 per account		\$35 per account					
Sub-total Exempt Business Tax		100.0%		28,000	29,600	28,000	105.7%	100.0%
7. Handbill Distributors								
1 Commercial Distributor Permit	\$1 per distribution		No Change					
2 Handbill Distributors License	\$38 per year		No Change					
3 Owner's Permit	\$29 per year		No Change					
Sub-total Handbill Distributors		100.0%		35,510	35,510	35,510	100.0%	100.0%
8. Returned Check Fee								
1 Returned Check Fee	\$28 per returned check		\$33 per returned check					
Sub-total Returned Check Fee		100.0%		28,875	24,500	28,875	84.8%	100.0%
9. Sale of Publications								
1 Comprehensive Annual Financial Report	Actual printing and mailing costs		No Change					
2 Monthly Investment Report	Actual printing and mailing costs		No Change					

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					Current Fee	Adopted Fee	Current Fee	Adopted Fee
FINANCE DEPARTMENT GENERAL FEES - CATEGORY I								
9. Sale of Publications								
3 Single Audit (Grants)	Actual printing and mailing costs		No Change					
Sub-total Sale of Publications								
10. Sales								
1 Christmas Tree/Pumpkin License - Deposit (Refundable)	\$100 per lot		No Change					
2 Christmas Tree/Pumpkin License - Lot	\$90		\$88					
Sub-total Sales		100.0%		704	720	704	102.3%	100.0%
11. Sidewalk Lien Administrative Fee								
1 Sidewalk Lien Administrative Fee			\$45 per lien account					
Sub-total Sidewalk Lien Administrative Fee				19,485		19,485		100.0%
SUB-TOTAL FINANCE DEPARTMENT GENERAL FEES - CATEGORY I				1,526,222	93,462	1,526,222	6.1%	100.0%
INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II								
1. Solid Waste Delinquencies								
1 Administrative Charges for Collection Procedure	\$69 per lien	100.0%	\$72 per lien	864,000	828,000	864,000	95.8%	100.0%
2 Late Payment Charge (The charge level is set to encourage customers to submit payments by due date)	\$6 or 5% of the bill, whichever is greater		\$6.50 or 5% of the bill, whichever is greater		2,100,000	2,275,000		
3 Notice of Intent to Lien (The notice is not a penalty)	\$16	100.0%	\$18	216,000	192,000	216,000	88.9%	100.0%
4 Returned Check Fee	\$36 per returned check	100.0%	Delete Fee					

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Service	2007-2008 Adopted Fee	2007-2008 % Cost Recovery	2008-2009 Adopted Fee	2008-2009 Estimated Cost	2008-2009 Estimated Revenue		2008-2009 % Cost Recovery	
					Current Fee	Adopted Fee	Current Fee	Adopted Fee
INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II								
1. Solid Waste Delinquencies								
5 Special Assessment Charge (The charge is not a penalty)	\$5.00 per parcel	100.0%	No Change	30,000	30,000	30,000	100.0%	100.0%
Sub-total Solid Waste Delinquencies		182.5%		1,110,000	3,150,000	3,385,000	283.8%	305.0%
SUB-TOTAL INTEGRATED WASTE MANAGEMENT LATE CHARGES - CATEGORY II		182.5%		1,110,000	3,150,000	3,385,000	283.8%	305.0%
TOTAL DEPARTMENT - GENERAL FUND				1,526,222	93,462	1,526,222	6.1%	100.0%
TOTAL DEPARTMENT - NON-GENERAL FUND				1,110,000	3,150,000	3,385,000	283.8%	305.0%
TOTAL DEPARTMENT - Category I				1,526,222	93,462	1,526,222	6.1%	100.0%
TOTAL DEPARTMENT - Category II				1,110,000	3,150,000	3,385,000	283.8%	305.0%
TOTAL DEPARTMENT				2,636,222	3,243,462	4,911,222	123.0%	186.3%